

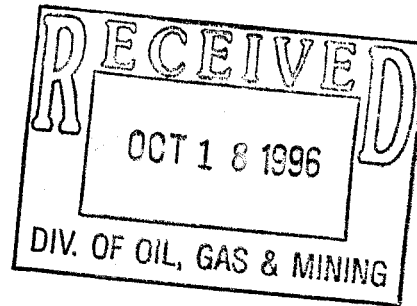
PERMIT CHANGE TRACKING FORM

- ☐ Significant Permit Revision
☐ Permit Amendment
☐ Incidental Boundary Change

DATE RECEIVED <u>10/3/96</u>	By: <u>PA</u> (Initials)	PERMIT NUMBER	ACT/007/018				
Title of Proposal: <u>IBC</u>		PERMIT CHANGE #	<u>960A</u>				
Description: <u>Incidental Boundary Change</u>		PERMITTEE	SOLDIER CREEK COAL COMPANY				
		MINE NAME	SOLDIER CANYON MINE				
<input type="checkbox"/> 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION <input type="checkbox"/> Notice of Review Status of proposed permit change sent to the Permittee. <input type="checkbox"/> Responses Received. <input type="checkbox"/> Notice of Affidavit of Publication. (If change is a Significant Revision.)		DATE DUE	DATE DONE	RESULT			
				<input type="checkbox"/> ACCEPTED	<input type="checkbox"/> REJECTED		
		COMMENTS					
REVIEW TRACKING		INITIAL REVIEW		MODIFIED REVIEW		FINAL REVIEW AND FINDINGS	
DOGM REVIEWER		DUE	DONE	DUE	DONE	DUE	DONE
<input type="checkbox"/> Lead							
<input type="checkbox"/> TA (See Attached)							
<input type="checkbox"/> Reviewers							
<input checked="" type="checkbox"/> Administrative (AVS) <u>PAUL</u>		<u>10/17</u>					
<input type="checkbox"/> Biology							
<input checked="" type="checkbox"/> Engineering <u>NA/WR</u>		<u>10/17</u>					
<input checked="" type="checkbox"/> Geology <u>SIM</u>		<u>10/17</u>					
<input type="checkbox"/> Soils <u>NA</u>							
<input checked="" type="checkbox"/> Hydrology <u>SIM/CHIA</u>		<u>10/17</u>					
COORDINATED REVIEWS		SENT	DUE	RECEIVED	SENT	DUE	DONE
<input type="checkbox"/> OSMRE							
<input type="checkbox"/> US Forest Service							
<input type="checkbox"/> Bureau of Land Management							
<input type="checkbox"/> US Fish and Wildlife Service							
<input type="checkbox"/> US National Parks Service							
<input type="checkbox"/> UT Environmental Quality							
<input type="checkbox"/> UT Water Rights							
<input type="checkbox"/> UT Wildlife Resources							
<input type="checkbox"/> UT State History (SHPO)							
<input type="checkbox"/> State Trust Lands							
<input type="checkbox"/> Public Notice / Comment / Hearing Complete. (If the permit change is a Significant Revision)				<input type="checkbox"/> Permit Change Approval Form signed and approved effective as of this date. <input type="checkbox"/> Permit Change Denied.			
<input type="checkbox"/> Copies of permit change marked and ready for MRP.				<input type="checkbox"/> Notice of <input type="checkbox"/> Approval <input type="checkbox"/> Denial to Permittee.			
<input type="checkbox"/> Special Conditions/Stipulations written for approval.				<input type="checkbox"/> Copy of Approved Permit Change to File.			
<input type="checkbox"/> TA and CHIA modified as required.				<input type="checkbox"/> Copy of Approved Permit Change to Permittee.			
<input type="checkbox"/> Permit Change Approval Form ready for approval.				<input type="checkbox"/> Copies to Other Agencies and Price Field Office.			



Coastal
The Energy People



October 17, 1996

Daron Haddock
Permit Supervisor
Utah Division of Oil, Gas & Mining
Box 145801
Salt Lake City, Utah 84114-5801

Re: Soldier Creek Coal Company, Second Incidental Boundary Change, Response to
Deficiencies, ACT/007/018-96A

Dear Mr. Haddock:

The following concerns were expressed in recent telephone conversations with you regarding the above referenced permit amendment. The following are our responses to those concerns.

It was requested that a legal description of the proposed incidental boundary change (IBC) be submitted for insertion into the permit rather than just in the cover letter for this IBC amendment. A review of the R645 regulations failed to locate a requirement that the permit contain a legal description of the permit area. However, we can see the value of such a description being in the permit for the use of the Division. Since such a description at this point would be valid for only a short period of time and because the description will change significantly with the approval of the Alkali Tract Significant Revision, we respectfully request that a legal description of the permit area for this amendment not be submitted at this time. We hereby commit to submit, as a stipulation, a legal description of the revised permit area as part of the Soldier Canyon Mine permit renewal, which has also been submitted. We believe that this action will reduce the possibility for confusion and reduce the amount of review required since the permit boundary is in a state of change. The description of the boundary proposed to be submitted in the permit renewal should remain unchanged for an extended period of time. All of the maps submitted with this IBC amendment have been revised to show the currently approved boundary, including the first IBC. These revised maps are hereby submitted for replacement in this amendment.

Inconsistencies between the current permit text and the IBC amendment maps previously submitted are corrected for this amendment by the maps submitted herewith showing the currently approved permit boundary. These inconsistencies will apply to the Alkali Tract Significant Revision but no longer apply to this corrected amendment.

Subsidence monitoring site number 120 was added to Exhibit 5.25-1. This site will be installed prior to mining beneath it, and it will be monitored according to the plan described in the current

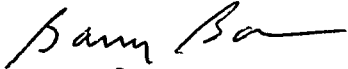
Utah Fuel Company

A SUBSIDIARY OF THE COASTAL CORPORATION
P O BOX 719 • HELPER UT 84526-0719 • 801/637-7925 • FAX 801/637-7929 • SALT LAKE 801/596-7111

permit. Visual monitoring for the effects of subsidence will also be employed as described in the permit.

Forms C1 and C2 are attached. Six copies of revisions for this amendment are enclosed and one copy is being forwarded to Peter Hess at the Price Field Office. Thank you for your help in expediting the review of this amendment. If there are questions or additional comments please contact Barry Barnum at 636-2669.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Barry Ba", with a long horizontal flourish extending to the right.

for
Rick Olsen
Vice President and General Manager
Soldier Creek Coal Company

APPLICATION FOR PERMIT CHANGE

Title of Change: Soldier Creek Coal Company Incidental Boundary Change #2

Permit Number: ACT/007/018

 Mine: Soldier Canyon Mine
 Permittee: Soldier Creek Coal Company

Description, include reason for change and timing required to implement:

 Conditions in existing IBC require additional mining area pending approval of
 Alkali Revision

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? 186 acres <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Change in the size of the Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Will permit change include operations outside the Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Will permit change include operations in hydrologic basins other than currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	6. Does permit change require or include public notice publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Permit change as a result of a Violation?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Permit change as a result of a Division Order? D.O.# _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Permit change as a result of other laws or regulations? Explain: _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Does permit change require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the permit change affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	12. Does permit change require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Does permit change require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does permit change require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does permit change require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does permit change require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	18. Does permit change require or include certified designs, maps, or calculations?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does permit change require or include underground design or mine sequence and timing?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does permit change require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Is this permit change coal exploration activity <input type="checkbox"/> inside <input type="checkbox"/> outside of the permit area?

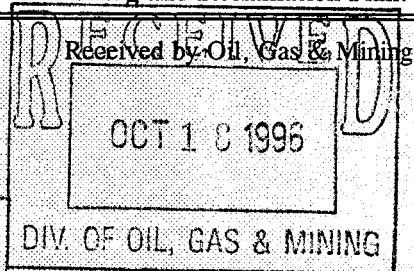
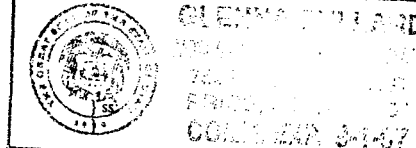
X Attach 7 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Ram Ba ENV. ENG., 10/17/96
 Signed - Name - Position - Date FOR RICK OLSEN

Subscribed and sworn to before me this 17th day of Oct, 19 96.
Shirley Bullard
 Notary Public

My Commission Expires: 9-1, 19 97
 Attest: STATE OF Utah
 COUNTY OF Carbon



ASSIGNED PERMIT CHANGE NUMBER

R08/31/94

Title of Change: Soldier Creek Coal Company Incidental Boundary Change #2

Mine: Soldier Canyon Mine

Permittee: Soldier Creek Coal Company

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

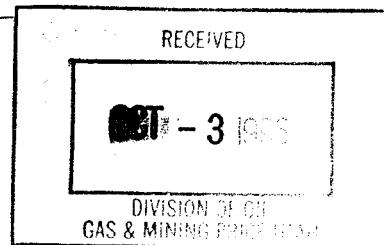


ACT 1007/018 #2

October 3, 1996

Peter Hess
Utah Division of Oil, Gas and Mining
Price Field Office
Box 169
Price, Utah 84501

96A



Re: Second Incidental Boundary Change, Soldier Creek Coal Company, ACT/007/018

Dear Mr. Hess:

Soldier Creek Coal Company hereby requests an additional Incidental Boundary Change in accordance with a discussion held on September 26 between the Division and representatives of Soldier Creek Coal Company. This proposed boundary change is located north of the current Incidental Boundary Change in the Alkali Tract as shown on enclosed Exhibit 1.12-2. Conditions in the existing Incidental Boundary Change (IBC) area do not allow mining to continue as long as projected so additional mining area is needed until the Alkali Significant Revision is approved. The area of this proposed change is within the existing CHIA and consists of approximately 186 acres, which when combined with the approved IBC of 276 acres is 10.8 percent of the original permit area.

Permitting issues dealing with this change are addressed below in the order of the R645-301 Rules.

R645-301-100 General Contents

The approved IBC and the Alkali Significant Revision submittals contain all of the information required by Section 100 for this proposed IBC. By verbal agreement with Daron Haddock two exhibits are herewith submitted showing the area proposed for this IBC - Exhibits 1.12-2 and 5.21-5. When the Alkali Significant Revision is approved within the next 60 to 90 days all of the maps and exhibits which show the Alkali boundary will be approved and will supercede all IBC boundaries.

R645-301-200 Soils

Mining proposed by this IBC will be development mining only so there will be no subsidence related issues. Since there will be no surface disturbance associated with this IBC no additional soils information is required.

Utah Fuel Company

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R645-301-300 Biology

The result of the 1995 raptor survey conducted by the Utah Division of Wildlife Resources (DWR) was included in the previous IBC. DWR conducted a survey of this area in 1996 and the results are shown on enclosed Exhibit 3.10-2.

R645-301-400 Land Use and Air Quality

This proposed IBC will not affect land use or air quality. The archaeology study for this area was previously submitted.

R645-301-500 Engineering

No subsidence monitoring will be required before the Alkali Significant Revision is approved so there are no subsidence related issues with this IBC.

Exhibit 5.21-5 which shows the proposed plan for mining in this IBC is enclosed.

R645-301-600 Geology

The geology of this IBC is the same as for the previous IBC and Alkali Significant Revision.

R645-301-700 Hydrology

The area of this IBC is within the existing CHIA for the Soldier Creek permit so there should be no hydrology issues associated with this IBC.

R645-301-800 Bonding

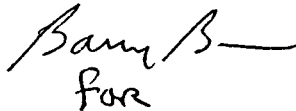
Since there is no surface disturbance or change in mine facilities as a result of this IBC no change to the estimated cost of reclamation is required and therefore no change in the bond amount.

The description of this proposed IBC is as follows:

Beginning at the north east corner of the existing IBC; thence north $0^{\circ} 00' 00''$ west for a distance of 3,720.3 feet; thence north $90^{\circ} 00' 00''$ west for a distance of 1,192.8 feet; thence south $28^{\circ} 00' 00''$ west for a distance of 4,181.6 feet; thence south $89^{\circ} 00' 00''$ east for a distance of 3,163.7 feet to the point of beginning; containing approximately 186 acres.

Thank you for your help with this application and if there are any questions please contact Barry Barnum at 636-2669.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Barry B. Olsen", followed by a horizontal line.

Rick Olsen
Vice President and General Manager
Soldier Creek Coal Company

APPLICATION FOR PERMIT CHANGE

Title of Change: Soldier Creek Coal Company Incidental Boundary Change #2

Permit Number: ACT/007/018

Mine: Soldier Canyon Mine

Permittee: Soldier Creek Coal Company

Description, include reason for change and timing required to implement:

Conditions in existing IBC require additional mining area pending approval of Alkali Revision

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<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Is this permit change coal exploration activity <input type="checkbox"/> inside <input type="checkbox"/> outside of the permit area?

X Attach 7 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

ENV. ENG

Barry Barnum, BARRY BARNUM, 10/3/96
Signed - Name - Position - Date for RICK OLSEN

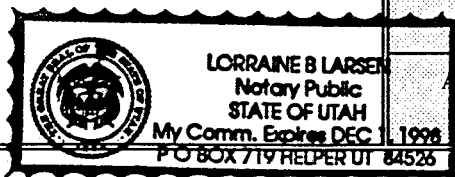
Subscribed and sworn to before me this 3 day of Oct., 1996.

Notary Public

My Commission Expires:

Attest: STATE OF
COUNTY OF

Lorraine B. Larsen, 12/1/98
Utah
Carbon



Received by Oil, Gas & Mining

ASSIGNED PERMIT CHANGE NUMBER

R08/31/94

Title of Change: **Soldier Creek Coal Company Incidental Boundary Change #2**

Permit Number: ACT/007/018

Mine: Soldier Canyon Mine

Permittee: Soldier Creek Coal Company

[illegible]

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

June 16, 1997

To: File

From: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

Re: Compliance Review for Section 510 (c) Findings, Horizon Coal Corporation, Horizon Mine, ACT/007/020, Folder #3, Carbon County, Utah

As of the writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected. There are also no finalized Civil Penalties which are outstanding and overdue in the name of Horizon Coal Corporation. Horizon Coal Corporation does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Two of the officers of K and K Holding Company (Scott Kiscaden and Todd Kiscaden) are also owners and controllers of White Oak Mining Company. White Oak Mining Company entered into a Settlement Agreement on March 26, 1997 for unpaid abandoned mine reclamation fees. All of these delinquent fees must be paid by September 30, 1997.



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

June 16, 1997

To: File

From: Pamela Grubaugh-Littig, Permit Coordinator

Re: 510 (c) Recommendation for Significant Revision - Alkali Lease Tract
Addition, Soldier Canyon Mine, ACT/007/018, Canyon Fuel Company,
LLC, Folder #3, Carbon County, Utah

As of this writing of this memo, there are no NOVs or COs which are not corrected or in the process of being corrected for the Soldier Canyon Mine. There are no finalized civil penalties which are outstanding and overdue in the name of Canyon Fuel Company, LLC. Canyon Fuel Company, LLC does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is an OSM recommendation from the Applicant Violator System with an issue recommendation for the Soldier Canyon Mine.

State : UT Permit No : ACT007018

Appl No : ACT007018

Applicant : 142816(CANYON FUEL CO LLC)

Seqno : 1

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION	: ISSUE	06/16/97
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE	02/04/97

RCM_MNT(F7) PERMIT/APPL(F8)

PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

■ avsdg

08 25



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

October 28, 1996

Ranvir Singh
Federal Lands Program
Office of Surface Mining
Reclamation and Enforcement
Western Regional Coordinating Center
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733

Re: Alkali Lease, Incidental Boundary Change #2, Soldier Creek Coal Company,
Soldier Canyon Mine, ACT/007/018-96A, Folder #2, Carbon County, Utah

Dear Mr. Singh:

I am enclosing a response to deficiencies for the second incidental boundary associated with the Alkali Lease Tract, ACT/007/018-96A. I am awaiting a response from the State Historic Preservation Officer on this proposal.

If you have any questions, please call me.

Sincerely,


Pamela Grubaugh-Littig
Permit Supervisor

Enclosure

cc: Mark Bailey, BLM, Price





State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor


Ted Stewart
Executive Director

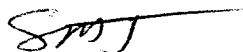
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

October 10, 1996

TO: File #2

THRU: Joe Helfrich, Permit Supervisor 

FROM: Steven M. Johnson, Reclamation Specialist 

RE: Second IBC, Soldier Canyon Mine, Soldier Creek Coal Company, ACT/007/018-96A, File #2, Carbon County, Utah

HYDROLOGIC RESOURCE INFORMATION

Regulatory Reference: 30 CFR Sec. 701.5, 784.14; R645-100-200, -301-724.

Analysis:

This incidental boundary change will not directly affect the surface water hydrology in the Soldier Canyon Mine permit area. Groundwater resources in the area of the boundary change area minimal. Water rights are nonexistent in the area.

Findings:

The hydrologic portion of the application for the incidental boundary change is complete and accurate. Based on this portion the amendment to the Soldier Canyon Mine permit should be approved.

O:\007018.SOL\DRAFT\IBC2HYD.SJ





State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 5, 1996

Rick Olsen, President
Soldier Creek Coal Company
P.O. Box 1029
Wellington, Utah 84542

Re: Permit for Incidental Boundary Change #2 for Alkali Lease Tract, Soldier Canyon Mine, Soldier Creek Coal Company, ACT/007/018-96A, Folder #3, Carbon County, Utah

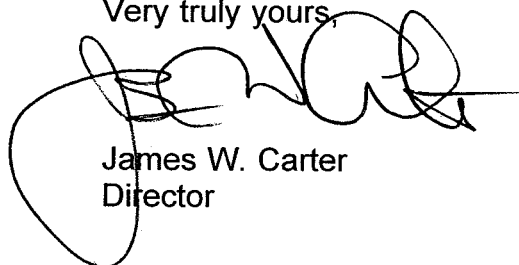
Dear Mr. Olsen:

I am enclosing the permit for the second incidental boundary change (IBC) associated with the Alkali Lease Tract. This incidental boundary change was submitted because burn was encountered and a change in mining sequence is required into portions of the Alkali Lease Tract not yet permitted.

Please sign both permits (that stipulate the Secretary's approval is required prior to mining in this area) and return one to the Division.

If you have any questions, please call me or Daron Haddock or Pamela Grubaugh-Littig.

Very truly yours,



James W. Carter
Director

Enclosure

cc: Ranvir Singh, OSM-WRCC
Mary Ann Wright (w/o enclosure)
Pamela Grubaugh-Littig
Daron Haddock
Joe Helfrich (w/o enclosure)



UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT AND
TECHNICAL ANALYSIS

Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change #2
Federal Lease UTU-69635
Alkali Lease Tract
ACT/007/018
Carbon County, Utah

November 5, 1996

CONTENTS

- * Administrative Overview
- * Location Map
- * Permitting Chronology
- * Mine Plan Information Form
- * Findings
- * Permit
- * Technical Analysis, dated October 23, 1996
- * Letters of Concurrence and Consultations
 - State Historic Preservation Office, October 29, 1996
 - Bureau of Land Management, R2P2, September 17, 1996
 - Coal Lease Assignment, UTU-69635, October 1, 1995
- * Environmental Assessment
- * AVS Recommendation, Memo dated November 4, 1996

ADMINISTRATIVE OVERVIEW

Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change #2
Federal Lease UTU-69635
Alkali Lease Tract
ACT/007/018
Carbon County, Utah

November 5, 1996

PROPOSAL

Soldier Creek Coal Company (SCCC) proposes an incidental boundary change of 186 acres (approximately 2.0 million tons of recoverable coal) to begin mining in the recently- acquired Alkali Lease UTU-69635. This increase in acreage is considered an incidental boundary change to the permit area and not a significant revision and therefore, does not require public notice as part of this permitting process. The recently-acquired federal lease, however, had public participation during the environmental assessment.

BACKGROUND

The Mining and Reclamation Plan (MRP) for the Soldier Canyon Mine was originally approved by the Division of Oil, Gas and Mining (DOGM) and the Office of Surface Mining Reclamation and Enforcement (OSMRE) on June 10, 1985. The approved permit area consisted of two federal coal leases, SL-051279-063188 and U-50722, encompassing 2,143.81 acres. The Bureau of Land Management (BLM) administers 590 of those acres and the remainder are privately owned.

In June of 1986 SCCC was sold to the Sun Company. A new MRP was submitted which incorporated two new state coal leases (ML-21994 and ML-22675) and portions of two other state leases (ML-42648 and ML-42649), held by affiliates of Sun Company, into the permit area. The new MRP was approved by DOGM on February 3, 1987, bringing the permitted area to a total of 4,347.99 acres. Due to the extensive additions to the permit area and submittal of a complete new MRP, a new five-year permanent program was issued with the approval.

Administrative Overview
Incidental Boundary Change #2
Alkali Lease Tract
Page 2

SCCC acquired state lease ML-44365 on April 3, 1989 and requested that it be added to the permit area on April 17, 1989. The lease encompassed 557.20 acres. A revised mining permit incorporating lease ML-44365 was issued on August 9, 1991. This brought the total permit acreage to 4905.19 acres.

A topsoil/substitute topsoil storage site, consisting of an additional 4.5 acres was added to the permit area on May 28, 1991, bringing the total permit acreage to 4909.69 acres. No additional coal leases were involved.

In order to accommodate an increase in production and additional expansion at the mine site SCCC required more space. Two incidental boundary changes (IBC's) had previously been granted and were equivalent to approximately 15% of the current disturbed area. A surface expansion was approved in June 1991. The applicant proposed to increase intake capacity for the ventilation network and upgrade the coal handling and transportation facilities at the mine. The total increased area of surface disturbance for the site was 5.6 acres and increased the bonded and disturbed area from 32.2 to 37.8 acres. The stretch of county road going through this area was also relocated.

On May 14, 1996 an incidental boundary change was approved to allow mining in the Alkali lease (UTU-69635). This consisted of only 276 acres of the lease and was done to allow SCCC to continue mining while the application for the entire lease was being processed. The application for the entire Alkali Lease was submitted on May 31, 1996 and is currently being processed.

SCCC encountered burn in the incidental boundary change and quickly needed to alter their mining sequence. This prompted a second incidental boundary change application. The attached decision document and Technical Analysis is for that application.

ANALYSIS

This incidental boundary change is an underground only and the area will be mined from existing workings with no surface disturbance. This change is also within the current Cumulative Impact Area (CIA) of the CHIA.

Administrative Overview
Incidental Boundary Change #2
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Page 3

A Cumulative Hydrologic Impact Assessment (CHIA), which included the area of the Incidental Boundary Change, was done in February 1987. A revised CHIA was written on October 7, 1996 for the entire Soldier Creek area including the entire Alkali lease tract. Effects to the hydrologic balance resulting from the incidental boundary change are not expected.

RECOMMENDATION

SCCC has demonstrated that increasing the current permit boundary with the incidental boundary change can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The 510(c) report on the Applicant Violator System for this mine has a conditional issue recommendation, (see attached memo dated November 4, 1996.) A condition has been added to the permit to address this conditional issue.

It is recommended that approval be given for this incidental boundary change to mine 186 acres. This area can be mined when the Secretary signs the mining plan approval for this incidental boundary change.

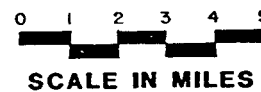
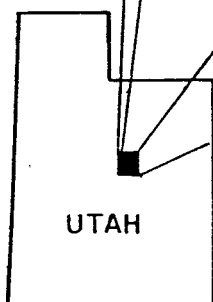
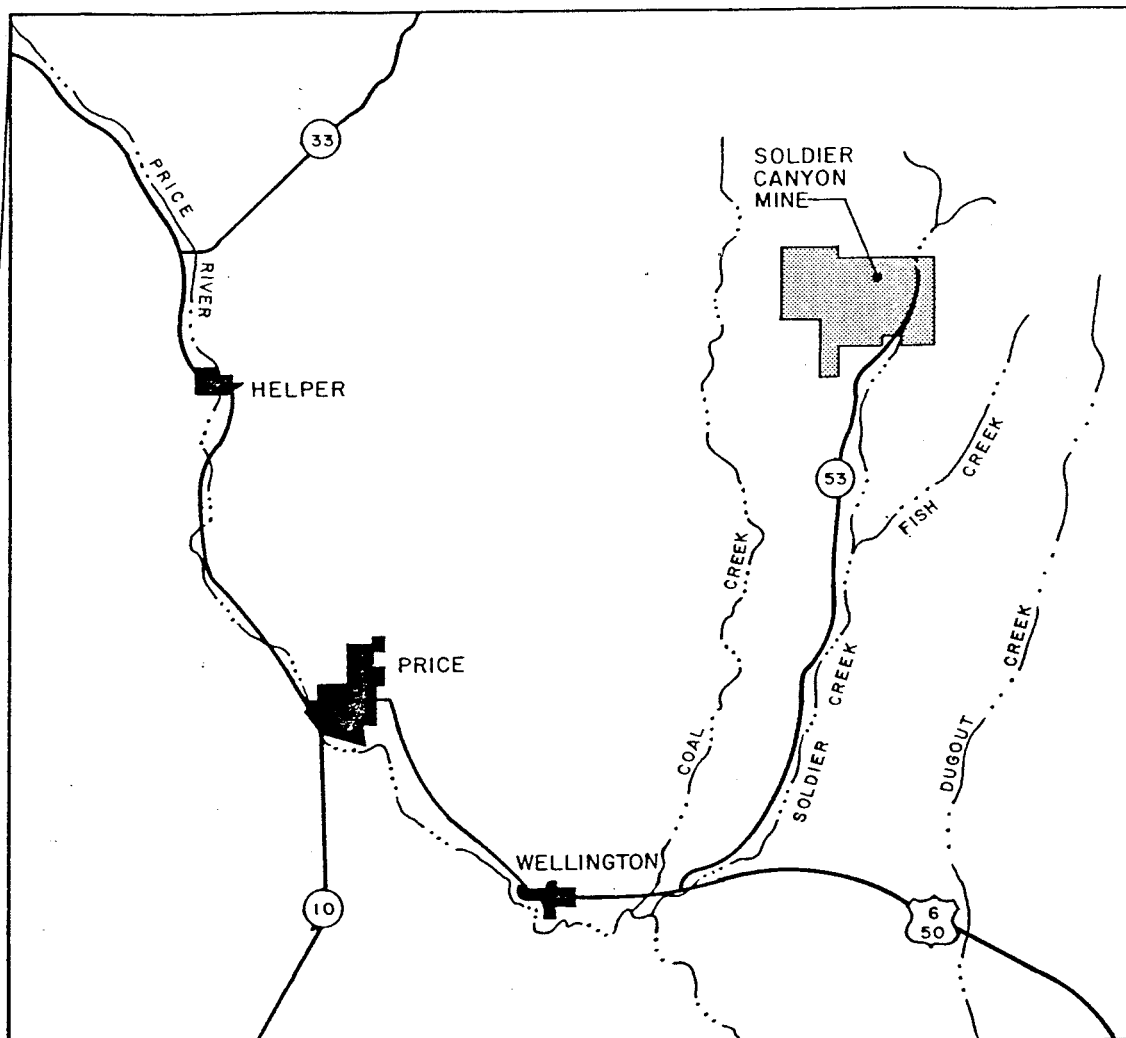


Figure 1
AREA MAP
SOLDIER CANYON MINE

PERMITTING CHRONOLOGY

Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change #2
Federal Lease UTU-69635
Alkali Lease Tract
ACT/007/018
Carbon County, Utah

November 5, 1996

October 3, 1996	Soldier Creek Coal Company (SCCC) requests addition of 186 acres by an incidental boundary change for the Alkali Lease Tract (UTU-69635).
October 19, 1995	Division transmits copies of proposal to state and federal agencies.
November 1, 1996	State Historic Preservation Office concurs with this permitting action.
October 15, 1996	Division notifies SCCC of deficiencies in application.
October 18, 1996	SCCC responds to deficiencies.
November 5, 1996	Division issues Decision Document and revised state permit.

MINE PLAN INFORMATION

Mine Name: Soldier Canyon Mine State ID: ACT/007/018
Operator: Soldier Creek Coal Company County: Carbon
Controlled By: Coastal Corporation Contact Person(s): Rick Olsen
Telephone: (801) 637-6360 Position: President
New/Existing: Both Mining Method: Room and Pillar

Federal Lease No(s): SL-051279-063188; U-50722, UTU-69635

Legal Description(s): SL-051279-063188: T.13S., R.11E., Sec. 12: E1/2 E1/2; Sec. 13: NE1/4NE1/4, SE1/4NE1/4, NE1/4SE1/4; Sec. 18: Lot 2 (SW1/4NW1/4), SE1/4NW1/4 T.13S., R.12E.; Sec. 7: All; Sec. 8: W1/2; Sec. 17: NW1/4; Sec. 18: N1/2NE1/4, SE1/4NE1/4, NE1/4NW1/4, Lot 1 (NW1/4NW1/4); U-50722: T.13S., R.11E., Sec. 12: E1/2W1/2, W1/2E1/2; Sec. 13: NW1/4NE1/4, NE1/4NW1/4; UTU-69635: T.13S., R.11E., Sec. 1: Lots 1-7, Lot 8 for all coal except the Rock Canyon seam; Sec. 10: 1/2E1/2; Sec. 11: All; Sec. 12: W1/2W1/2; Sec. 13: W1/2NW1/4, SE1/4NW1/4, SW1/4; Sec. 14: N1/2, N1/2S1/2, SE1/4 SE1/4; Sec. 15: NE1/4 NE1/4; Sec. 23: N1/2 NE1/4 NE1/4; Sec. 24: N1/2N1/2 NW1/4 (This is the entire Alkali Lease Tract which contains 2177 acres, IBC #1 is for only 276 acres and IBC #2 is for 186 acres)

State Lease No(s): ML-21994; ML-22675; ML-42648(part); ML-42649(part); ML-44365
Legal Description(s): ML-21994: T.12S., R.12E., Sec. 32: S1/2; ML-22675: T.12S., R.12E., Sec. 32: NE1/4NE1/4, S1/2NE1/4, NW1/4; ML-42648: T.13S., R.12E., SE1/2 Sec. 17: NE1/4; ML-42649: T.13S., R.12E., Sec. 4: S1/2, Lots 1,2,3,4, Sec. 5: SE1/4, Lots 1,2, Sec. 9: W1/2, NE1/4, N1/2SE1/4; ML-44365: T.13S., R.12E., Sec. 5: SW1/4, Lots 3,4, Sec. 6: All

Other Leases (identify): None
Description(s): _____

Ownership Data:

<u>Surface Resources (acres):</u>	<u>Existing Permit Area</u>	<u>Proposed Permit Area</u>	<u>Total Life Of Mine Area</u>
Federal	<u>594.69</u>	<u> </u>	<u>594.69</u>
State	<u>2755.00</u>	<u> </u>	<u>2755.00</u>
Private	<u>1560</u>	<u>276</u>	<u>1836</u>
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>4909.69</u>	<u>276</u>	<u>5185.69</u>

Coal Ownership (acres):

Federal	<u>2111.63</u>	<u>276</u>	<u>2387.63</u>
State	<u>2755.00</u>		<u>2755.00</u>
Private			
Other			
TOTAL	<u>4866.63</u>	<u>276</u>	<u>5142.63</u>

Mine Plan Information
Soldier Creek Coal Company
Incidental Boundary Change
Alkali Lease Tract
Page 2

<u>Coal Resource Data (Millions Tons)</u>	<u>Total Reserves(million tons)</u>	<u>Total Recoverable Reserves (million tons)</u>
Federal	<u>33.5558 (+4.0-IBC)</u>	<u>12.8377 (+2.0-IBC)</u>
State	<u>76.9173</u>	<u>29.4472</u>
Private		
Other		
TOTAL (Life of Mine)	<u>112.472</u>	<u>44.2849</u>
Total Percent Recoverable	<u>38.5%</u>	

<u>Recoverable Reserve Data</u>	<u>Name</u>	<u>Thickness</u>	<u>(Map)</u>	<u>Depth</u>
Seam	<u>Sunnyside</u>	<u>5' - 11'</u>	<u>(E031)</u>	<u>250' - 2700'</u>
Seam	<u>Gilson</u>	<u>1' - 18'</u>	<u>(E033)</u>	<u>250' - 2700'</u>
Seam	<u>Rock Canyon</u>	<u>6' - 12'</u>	<u>(E032)</u>	<u>250' - 2700'</u>

Mine Life: 1976-2016
Average Annual Production: 600,000 Tons Percent Recovery: 34 - 40%
Date Projected Annual Rate Reached: 1990-2005
Date Production Begins: 1976 Date Production Ends: 2016
Reserves Recoverable By: (1) Surface Mining: None
(2) Underground Mining: 44.284 Million Tons

Reserves Lost Through Management Decisions: Unknown
Coal Market: Unknown

Modifications that have been approved:

Date:

Addition of Leases ML-21994, ML-22675,
ML-42648 (part), ML-42649 (part)

February 3, 1987

Addition of Lease ML-44365
IBC #1

August 8, 1989
May 14, 1996

FINDINGS

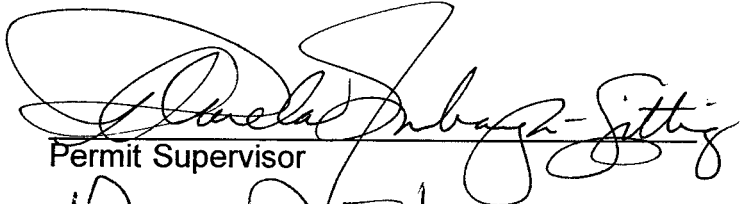
Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change (IBC#2)
ACT/007/018-96A
Carbon County, Utah

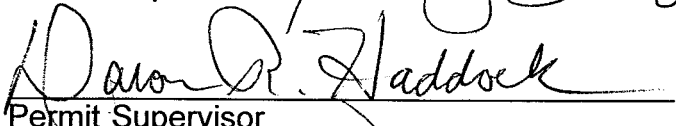
November 5, 1996

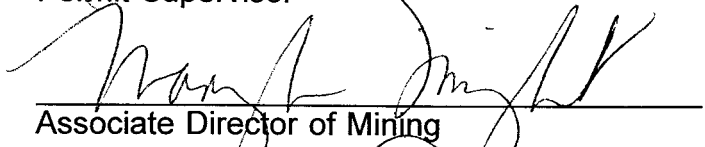
1. The revised plan and the permit application for the extraction of coal in the approved incidental boundary change is accurate and complete and all requirement of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. (R645-300-133.100)
2. No additional surface reclamation is required since the additional permit area will be mined as an underground extension of the existing mine. There will be no new surface facilities. (R645-300-133.710)
3. An assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance has been conducted by the Division and no significant impacts were identified. See CHIA dated February 4, 1987 and updated October 7, 1996. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site area (R645-300-133.400 and UCA 40-10-11 (2)(c)).
4. The proposed lands to be included within the permit area are:
 - a. Not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
 - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);


- c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11{f} (public buildings, etc.) and 761.11 {g} (cemeteries);
 - d. within 100 feet of a public road (R645-300-133.220); and
 - e. not within 300 feet of any occupied dwelling (R645-300-133.220).
- 5. The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species Act of 1973 (16 USC 1531 et seq.) (R645-300-133.500)
- 6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See letter from State Historic Preservation Office, dated October 29, 1996. (R645-300-133.600)
- 7. The applicant has the legal right to enter and complete mining activities in the IBC through a federal coal lease issued by the Bureau of Land Management (See attached Lease UTU-69635, assignment effective October 1, 1995. (R645-300-133.300)
- 8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither Soldier Creek Coal Co. or any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damager to the damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on November 4, 1996 see memo to file dated November 4, 1996). (R645-300-133.730)
- 9. Underground mining operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area.

10. The applicant has posted a surety bond for the Soldier Canyon Mine in the amount of \$3,238,000. No additional surety will be required, since there is no additional surface disturbance proposed. (R645-300-134)
11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. (R645-302-313.100 and R645-302-321.100)
12. The proposed postmining land-use of the permit area is the same as the pre-mining land use and has been approved by the Division and the surface land management agency.
13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program.
14. All procedures for public participation required by the Act, and the approved Utah State Program are in compliance. This incidental boundary change did not require public notice. (R645-300-120)
15. No existing structures will be used in conjunction with mining of the underground incidental boundary change. (R645-300-133.720)


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

FEDERAL

Permit Number ACT/007/018

November 5 , 1996

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

This permit, **ACT/007/018**, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Soldier Creek Coal Company
P. O. Box 1029
Wellington, Utah 84542
(801) 637-6360

for the Soldier Canyon Mine. Soldier Creek Coal Company is the lessee of federal coal leases SL-051279-063188, U-50722, and UTU-69635 and the lessee of state coal leases ML-22675, ML-21994, ML-42648, ML-42649, and ML-44365. A performance bond is filed with the DOGM in the amount of \$3,238,000 payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 PERMIT AREA** - The permittee is authorized to conduct underground coal mining activities on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Soldier Canyon Mine situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 12 East, SLBM

Section 4: All;
Section 5: All;
Section 6: All;
Section 7: All;
Section 8: All;
Section 9: W1/2, NE1/4, N1/2SE1/4;
Section 17: N1/2;
Section 18: N1/2N1/2, SE1/4NE1/4, 1/2NW1/4, NE1/4SW1/4NE1/4, NW1/4SW1/4NE1/4; and
Section 19: Portion of SW1/4SW1/4.

Township 12 South, Range 12 East, SLBM

Section 32: NW1/4, SW1/4NE1/4, E1/2NE1/4, S1/2.

Township 13 South, Range 11 East, SLBM

Section 1: E1/2SE1/4;

Section 11: SE1/4SE1/4;

Section 12: E1/2, E1/2NW1/4, E1/2SW1/4;

Section 13: N1/2NE1/4, NE1/4NW1/4, SE1/4NE1/4, NE1/4SE1/4;

Section 24: Portions of SE1/4SE1/4;

Section 25: Portions of N1/2NW1/4SE1/4, Portions of S1/2SW1/4NE1/4;

IBC #1 Legal: Beginning at the north east corner of Section 12, Township 13 South, Range 11 East, go 2,508 feet south 00° 26'03" east, thence 1,324 feet north 89° 47'01" west, thence 3,772 feet south 00° 22'14" east, thence 921 feet north 45° 20'28" west, thence 209 feet north 12° 10'17" west, thence 252 feet north 00° 40'55" east, thence 377 feet north 07° 27'51" east, thence 151 feet north 06° 50'34" west, thence 139 feet north 15° 02' 16" west, thence 1,236 feet north 36° 36'37" west, thence 417 feet north 12° 54'07" west, thence 281 feet north 07° 34'52" west, thence 198 feet north 25° 47'14" west, thence 197 feet north 39° 01'24" west, thence 212 feet north 07° 19'35" west, thence 425 feet north 27'01" west, thence 178 feet north 11° 41'22" west, thence 864 feet north 27° 07'43" west, thence 240 feet north 06° 28'20" west, thence 238 feet north 01° 12'13" west, thence 194 feet north 11° 18'36" east, thence 315 feet north 16° 52'27" east, thence 3,436 feet south 89° 26'59" east, thence 2,508 feet south 00° 26'03" east to point of beginning

IBC #2 Legal: Beginning at the north east corner of IBC #1; thence north 0° 00'00" west for a distance of 3720.3 feet; thence north 90° 00' 00" west for a distance of 1,192.8 feet; thence south 28° 00' 00" west for a distance of 4,181.6 feet; thence south 89° 0' 00" east for a distance of 3,163.7 feet to the point of beginning; containing approximately 186 acres. (See exhibit 1.12-2)

This legal description is for the permit area (as shown on Attachment B) of the Soldier Canyon Mine. The permittee is authorized to conduct underground coal mining activities on the foregoing described property subject to the

conditions of the leases, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM** - This revised permit expires on February 3, 1997.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.
- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- (a) Have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
 - (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100, R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- (a) Any accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;

- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and,
- (b) Utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-3023 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENT - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 14 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 15 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 16 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall

ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

Sec. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

Sec. 18 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases and this permit, the permittee shall comply with the special conditions appended hereto as Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: _____

Date: _____

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

PERMITTEE

Authorized Representative of the Permittee

Date: _____

ATTACHMENT A

- Condition (1) Soldier Creek Coal Company can commence mining in the 186 acres of the incidental boundary change #2 of federal lease UTU-69635 (Attachment B) when the mining plan approval is signed by the Secretary.
- Condition (2) Soldier Creek Coal Company must provide written documentation of the resolution of the settlement agreement to the Division within 14 days of the resolution. See memo to file in regard to the 510 (c) recommendation dated November 4, 1996 by Pamela Grubaugh-Littig.



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

October 11, 1996

Barry Barnum, P.E., Environmental Engineer
Soldier Creek Coal Company
Utah Fuel Company
P.O. Box 719
Helper, Utah 84526-0179

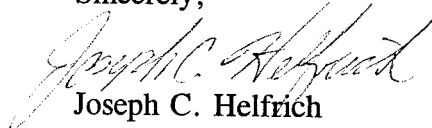
Re: Second Incidental Boundary Change, Soldier Creek Coal Company, Soldier Creek Mine, ACT/007/018-96A, Folder #2, Carbon County, Utah

Dear Mr. Barnum:

We have received the above-referenced amendment. Our agency anticipates approving this amendment by October 17, 1996, however, Federal concurrence from the Office of Surface Mining may require additional time. A copy is available for review at our Salt Lake and Price offices.

If you have any questions please call me 538-5290.

Sincerely,


Joseph C. Helfrich
Permit Supervisor

blb

cc: Ranvir Singh, OSM (enclosure)
Mark Bailey, BLM, Price
Robert Williams, USFWS (enclosure)
Mark Page, Water Rights-Price
Dave Ariotti, Health-Price
Bill Bates, Wildlife-Price
David Terry, Trust Lands
PFO

O:\I&E\TRANSLT.WPD



October 8, 1996

Mr. Barry Barnum, P. E., Environmental Engineer
Soldier Creek Coal Company
Soldier Canyon Mine
c/o Utah Fuel Company
P. O. Box 719
Helper, Utah 84526-0719

Dear Mr. Barnum:

RE: Second Incidental Boundary Change, Soldier Creek Coal Company, Soldier Canyon Mine, ACT/007/018-96A

As indicated above, your submittal for a second incidental boundary change for the Soldier Canyon Mine, ACT/007/018, has been designated as amendment **96A**.

Six of the seven amendment copies have been forwarded to the Salt Lake City Division of Oil, Gas and Mining for the preparation of a decision document prior to submittal to the Office of Surface Mining. The other is on file in the Price Field Office. Should you have questions, please call me, Mr. Joe Helfrich, or Ms. Pamela Grubaugh-Littig of our Salt Lake office.

Thank you.

Sincerely,

Peter Hess
Reclamation Specialist III

cc: Joe Helfrich, Permit Supervisor, SLC-DOGM
Pamela Grubaugh-Littig, SLC-DOGM
Rick Olsen, V.P., General Manager, Soldier Creek Coal Company

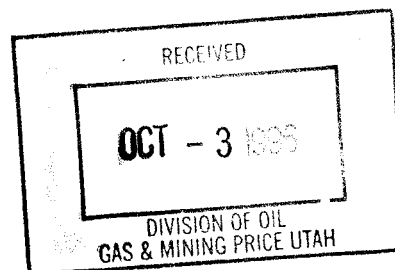
Official / Letterhead copy to follow PH

of this letter



October 3, 1996

Peter Hess
Utah Division of Oil, Gas and Mining
Price Field Office
Box 169
Price, Utah 84501



Re: Second Incidental Boundary Change, Soldier Creek Coal Company, ACT/007/018

Dear Mr. Hess:

Soldier Creek Coal Company hereby requests an additional Incidental Boundary Change in accordance with a discussion held on September 26 between the Division and representatives of Soldier Creek Coal Company. This proposed boundary change is located north of the current Incidental Boundary Change in the Alkali Tract as shown on enclosed Exhibit 1.12-2. Conditions in the existing Incidental Boundary Change (IBC) area do not allow mining to continue as long as projected so additional mining area is needed until the Alkali Significant Revision is approved. The area of this proposed change is within the existing CHIA and consists of approximately 186 acres, which when combined with the approved IBC of 276 acres is 10.8 percent of the original permit area.

Permitting issues dealing with this change are addressed below in the order of the R645-301 Rules.

R645-301-100 General Contents

The approved IBC and the Alkali Significant Revision submittals contain all of the information required by Section 100 for this proposed IBC. By verbal agreement with Daron Haddock two exhibits are herewith submitted showing the area proposed for this IBC - Exhibits 1.12-2 and 5.21-5. When the Alkali Significant Revision is approved within the next 60 to 90 days all of the maps and exhibits which show the Alkali boundary will be approved and will supercede all IBC boundaries.

R645-301-200 Soils

Mining proposed by this IBC will be development mining only so there will be no subsidence related issues. Since there will be no surface disturbance associated with this IBC no additional soils information is required.

Utah Fuel Company

A SUBSIDIARY OF THE COASTAL CORPORATION
P.O. BOX 719 • HELPER UT 84526-0719 • 801/637-7925 • FAX 801/637-7929 • SALT LAKE 801/596-7111

R645-301-300 Biology

The result of the 1995 raptor survey conducted by the Utah Division of Wildlife Resources (DWR) was included in the previous IBC. DWR conducted a survey of this area in 1996 and the results are shown on enclosed Exhibit 3.10-2.

R645-301-400 Land Use and Air Quality

This proposed IBC will not affect land use or air quality. The archaeology study for this area was previously submitted.

R645-301-500 Engineering

No subsidence monitoring will be required before the Alkali Significant Revision is approved so there are no subsidence related issues with this IBC.

Exhibit 5.21-5 which shows the proposed plan for mining in this IBC is enclosed.

R645-301-600 Geology

The geology of this IBC is the same as for the previous IBC and Alkali Significant Revision.

R645-301-700 Hydrology

The area of this IBC is within the existing CHIA for the Soldier Creek permit so there should be no hydrology issues associated with this IBC.

R645-301-800 Bonding

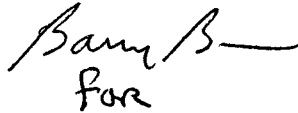
Since there is no surface disturbance or change in mine facilities as a result of this IBC no change to the estimated cost of reclamation is required and therefore no change in the bond amount.

The description of this proposed IBC is as follows:

Beginning at the north east corner of the existing IBC; thence north $0^{\circ} 00' 00''$ west for a distance of 3,720.3 feet; thence north $90^{\circ} 00' 00''$ west for a distance of 1,192.8 feet; thence south $28^{\circ} 00' 00''$ west for a distance of 4,181.6 feet; thence south $89^{\circ} 00' 00''$ east for a distance of 3,163.7 feet to the point of beginning; containing approximately 186 acres.

Thank you for your help with this application and if there are any questions please contact Barry Barnum at 636-2669.

Very truly yours,

A handwritten signature in black ink, appearing to read "Barry B" followed by a horizontal line, with the word "for" written below it.

Rick Olsen
Vice President and General Manager
Soldier Creek Coal Company

APPLICATION FOR PERMIT CHANGE

Title of Change: Soldier Creek Coal Company Incidental Boundary Change #2

Permit Number: ACT/007/018

Mine: Soldier Canyon Mine
Permittee: Soldier Creek Coal Company

Description, include reason for change and timing required to implement:

Conditions in existing IBC require additional mining area pending approval of Alkali Revision

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? 186 acres <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Change in the size of the Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Will permit change include operations outside the Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Will permit change include operations in hydrologic basins other than currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	6. Does permit change require or include public notice publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Permit change as a result of a Violation?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Permit change as a result of a Division Order? D.O.# _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Permit change as a result of other laws or regulations? Explain: _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Does permit change require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the permit change affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	12. Does permit change require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Does permit change require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does permit change require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does permit change require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does permit change require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	18. Does permit change require or include certified designs, maps, or calculations?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does permit change require or include underground design or mine sequence and timing?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does permit change require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Is this permit change coal exploration activity <input type="checkbox"/> inside <input type="checkbox"/> outside of the permit area?

X Attach 7 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

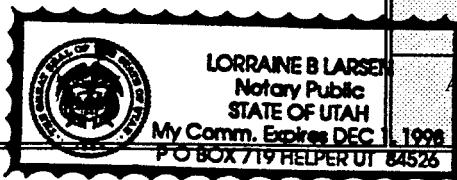
I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

ENV. ENG

Barry Barnum, BARRY BARNUM, 10/3/96
 Signed - Name - Position - Date for RICK OLSEN

Subscribed and sworn to before me, this 3 day of Oct., 1996.
Lorraine B. Larsen
 Notary Public

My Commission Expires: 12/1, 1998
 Attest: STATE OF Utah
 COUNTY OF Carbon



Received by Oil, Gas & Mining

ASSIGNED PERMIT CHANGE NUMBER

R08/31/94

Permittee: Soldier Creek Coal Company

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?